



News Release

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NASA Subcontractor Pleads Guilty

On November 17, 1999, Olson Associated of Daytona Beach, Inc. (Olson), pled guilty in U.S. District Court, Orlando, FL to a one count criminal information for violating the Major Fraud Act, Title 18 USC Section 1031. Olson devised a scheme to defraud the United States in order to obtain money or property by means of false and fraudulent pretenses, representations, and promises.

Olson was created by Olson Electric Company, Daytona Beach, FL, in order to obtain small business set-aside contracts at Kennedy Space Center (KSC), FL. Olson falsely certified it was a Small Woman-Owned Business in order to obtain a \$3.2M National Aeronautics and Space Administration (NASA) subcontract to refurbish Shuttle Launch Pad 39A at KSC.

Assistant U.S. Attorney Greg Miller told the judge during the plea hearing that when Olson was first incorporated in 1992, the president and chairman of Olson Electric Company designated their wives as president and vice president. He said this was done so Olson could qualify as a woman-owned business. Kathryn D. Olson and Janet A. Pastor, interviewed in March 1994, admitted that Olson was created at the direction of their husbands in order to obtain contracts at KSC. They also admitted to having no controlling or managerial interest in Olson.

The firm then entered into management agreements with Olson Electric Company to perform the contract. The bid submitted by Olson was an identical match to the government's independent in-house estimate. Olson was also awarded a NASA subcontract, valued at \$850,000, to perform electrical modifications at KSC. In furtherance of the scheme to defraud, Olson submitted numerous false claims under the two subcontracts resulting in overpayments totaling approximately \$885,519.

Settlement negotiations also resulted in Olson agreeing to pay restitution in the amount of \$650,000. Sentencing is scheduled for February 2000.

The investigation was conducted by Special Agents of the NASA Inspector General's Office of Criminal Investigations and the Daytona Beach, FL office of the Federal Bureau of Investigation. The prosecution is being handled by Assistant United States Attorney Gregory N. Miller, Middle District of Florida, Orlando Division (407-648-7500).

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